

TOWNSHIP OF OVERISEL
ALLEGAN COUNTY, MICHIGAN
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2005

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Overisel Township	County Allegan, MI
Audit Date 3/31/05	Opinion Date 8/5/05	Date Accountant Report Submitted to State: 9/6/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Angle & Steffes, P.C.			
Street Address 430 Western Ave, Suite B		City Allegan	State MI
Accountant Signature <i>John K Angle CPA</i>		ZIP 49010	Date 9/6/05

OVERISEL TOWNSHIP

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INDEPENDENT AUDITOR'S REPORT

August 5, 2005

To the Township Board
Overisel Township
Allegan County, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Overisel, Allegan County, Michigan as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Overisel, Allegan County, Michigan management. Our responsibility is to express an opinion on these financial statements based on our audit.

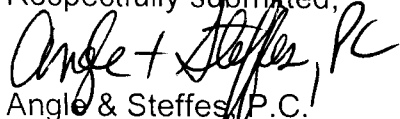
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Overisel as of March 31, 2005, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, as of March 31, 2005.

The management's discussion and analysis and budgetary comparison information on page 2 and 14 through 16 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,



Angie & Steffes, P.C.
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS TOWNSHIP OF OVERISEL

Using this Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities provide information about the activities of the Township as a whole and present a long term view of the Township's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements.

The Township as a Whole

Overisel Township's financial position has remained steady over the 2004-2005 year. State Revenue sharing has declined but is offset by the increase in TV (taxable value). Building permits have remained level with 2003-2004 permits. The Building Permit Fund acts primarily as a revolving account.

Government Activities

The Township continues to provide the citizens of Overisel Township with dust control, road re-construction, resurfacing and mowing of shoulders, due to an aggressive road millage for the before mentioned services. Fire Protection cost is partially funded by a Fire Protection millage. The balance of Road and Fire Protection cost are covered by the General Fund which is made up from State Revenue Sharing and operating millage. Other services taken from the General Fund are cemetery upkeep and landfill and recycling services.

Outlook for the Coming Year

With only one year left on capital outlay and close monitoring of State Revenue Sharing and projected revenues, Overisel Township should continue to provide services to residents at current levels regardless of any anticipated reductions in this area.

Contacting the Overisel Township Management

This financial report is intended to provide our citizens, taxpayers, customers and investors with a general overview of the Township's finances and to show the Township's accountability for the money it receives. Copies of the financial report are available through the Township Clerk.

OVERISEL TOWNSHIP
GOVERNMENT WIDE STATEMENT OF NET ASSETS
MARCH 31, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 728,653	\$ 0	\$ 728,653
Investments	0	0	0
Receivables - net	560,146	0	560,146
Prepays	16,182	0	16,182
Capital assets - net	370,700	0	370,700
Total Assets	1,675,681	0	1,675,681
LIABILITIES			
Accounts payable	3,630	0	3,630
Accrued and other liabilities	506,525	0	506,525
Noncurrent Liabilities			
Due within one year	21,128	0	21,128
Due in more than one year	63,384	0	63,384
Total Liabilities	594,667	0	594,667
NET ASSETS			
Invested in Capital Assets			
Net of related debt	286,188	0	286,188
Restricted For			
Streets and highways	520,444	0	520,444
Public safety	74,039	0	74,039
Unrestricted	200,343	0	200,343
Total Net Assets	\$ 1,081,014	\$ 0	\$ 1,081,014

The Notes to Financial Statement are an integral part of this statement.

**OVERISEL TOWNSHIP
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2005**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	Activities	Total
Primary Government								
General government	\$ 126,642	\$ 600	\$ 0	\$ 0	\$ (126,042)	\$ 0	\$ 0	(126,042)
Public safety	177,684	36,460	0	0	(141,224)	0	0	(141,224)
Public works	529,946	0	0	0	(529,946)	0	0	(529,946)
Community/Economic development	2,350	0	0	0	(2,350)	0	0	(2,350)
Total Governmental Activities	836,622	37,060	0	0	(799,562)	0	0	(799,562)
Business-Type Activities	0	0	0	0	0	1	1	0
Total Primary Government	\$ 836,622	\$ 37,060	\$ 0	\$ 0	(799,562)	1	1	(799,562)
General Revenues								
Property taxes					633,890	0	0	633,890
State revenues					228,790	0	0	228,790
Unrestricted investment earnings					8,587	0	0	8,587
Rent					2,145	0	0	2,145
Miscellaneous, fines & forfeits					14,481	0	0	14,481
Loss on sale of assets					(1,000)	0	0	(1,000)
Transfers					0	0	0	0
Total General Revenues-Special Items and Transfers					886,893	0	0	886,893
Change in Net Assets					87,331	0	0	87,331
Net Assets-Beginning					993,683	0	0	993,683
Net Assets-Ending					\$ 1,081,014	\$ 0	\$ 0	1,081,014

The Notes to Financial Statements are an integral part of this statement.

OVERISEL TOWNSHIP
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2005

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 655,252	\$ 69,919	\$ 0	\$ 3,482	\$ 728,653
Investments	0	0	0	0	0
Receivables - net	34,820	16,147	2,654	0	53,621
Due from other funds	762	434,378	71,385	0	506,525
Prepays	16,182	0	0	0	16,182
Total Assets	707,016	520,444	74,039	3,482	1,304,981
LIABILITIES					
Accounts payable	910	0	0	2,720	3,630
Due to other funds	505,763	0	0	762	506,525
Total Liabilities	506,673	0	0	3,482	510,155
FUND BALANCES					
Reserved for					
Public works	0	520,444	0	0	520,444
Public safety	0	0	74,039	0	74,039
Unreserved	200,343	0	0	0	200,343
Total Fund Balances	\$ 200,343	\$ 520,444	\$ 74,039	\$ 0	\$ 794,826
Amounts reported for governmental activities in the Statement of Net Assets are different because:					
Capital assets used in governmental activities are not financial resources and are not reported in the funds.					
					370,700
Debt principal repayments and proceeds of debt are not reported on the statement of activities.					
					(84,512)
Net Assets of Governmental Activities					
					\$ 1,081,014

The Notes to Financial Statements are an integral part of this statement.

OVERISEL TOWNSHIP
GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
March 31, 2005

	General Fund	Road Fund	Fire Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Taxes and penalties	\$ 109,327	\$ 450,525	\$ 74,038	\$ 0	\$ 633,890
Licenses and permits	0	0	0	24,460	24,460
State aid	223,978	4,812	0	0	228,790
Charges for services	600	0	12,000	0	12,600
Interest and rentals	7,859	2,860	0	13	10,732
Other revenue	12,888	0	0	1,593	14,481
Total Revenues	354,652	458,197	86,038	26,066	924,953
Expenditures					
Current					
General government	125,127	0	0	0	125,127
Public safety	0	0	124,224	27,442	151,666
Public works	27,342	502,604	0	0	529,946
Community/Economic development	2,350	0	0	0	2,350
Capital outlay	1,900	0	179,122	0	181,022
Debt Service	0	0	0	26,483	26,483
Total Expenditures	156,719	502,604	303,346	53,925	1,016,594
Excess of Revenues Over (Under) Expenditures	197,933	(44,407)	(217,308)	(27,859)	(91,641)
Other Financing Sources (Uses)					
Transfers in	0	119,952	244,681	26,483	391,116
Transfers (out)	(364,633)	0	(26,483)	0	(391,116)
Proceeds of Debt	84,512	0	0	0	84,512
Proceeds from Sale of Assets	15,000	0	0	0	15,000
Total Other Financing Sources (Uses)	(265,121)	119,952	218,198	26,483	99,512
Excess of Revenue and Other Sources Over (Under) Expenditures & Other Uses	(67,188)	75,545	890	(1,376)	7,871
Fund Balance - April 1, 2004	267,531	444,899	73,149	1,376	786,955
Fund Balance - March 31, 2005	<u>\$ 200,343</u>	<u>\$ 520,444</u>	<u>\$ 74,039</u>	<u>\$ 0</u>	<u>\$ 794,826</u>

The Notes to Financial Statements are an integral part of this statement.

**TOWNSHIP OF OVERISEL
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Township of Overisel, Allegan County, Michigan is a general law Township. The Township operates under an elected government and provides the following services as authorized by its charter: public safety, highways and street, public improvements, cultural recreation, planning and zoning, and administrative services.

The accounting policies of the Township of Overisel conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. The Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity", these financial statements present the Township of Overisel. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements.

Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**TOWNSHIP OF OVERISEL
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, state-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current period. All other revenue items are considered to be available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Road and Fire Funds are Special Revenue Funds of the Township. The Road and Fire Funds are used to account for the proceeds of specific revenue tax millages that are legally restricted to expenditures for specified purposes.

Additionally, the government reports the following non-major fund types:

The Building Inspection and Debt Service Funds are Special Revenue Funds of the Township. The Building Inspection Fund is used to account for proceeds of special purpose programs. The Debt Service Fund is used to account for debt repayments.

Fiduciary funds are used in the tax collection process, however these cash balances were zero as of the audit date. No fiduciary governmental fund financial statements were reported as a result. Fiduciary funds are excluded from the government-wide financial statements.

**TOWNSHIP OF OVERISEL
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule would be charges between the government's enterprise funds and various other functions of the government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The Township of Overisel does not have an enterprise fund.

Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating revenue items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary fund relates to charges to customers for sales and services. The Township does not have proprietary funds.

D. Assets, Liabilities, and Net Assets or Equity

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables-In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Summer and winter taxes are levied by the Township. Property taxes are levied in July and December on the taxable valuation of property as of the preceding December 31st. Taxes are considered delinquent in the following September and March of the following respective periods, at which time penalties and interest are assessed.

Inventories and Prepaid Items-Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**TOWNSHIP OF OVERISEL
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

D. Assets, Liabilities and Net Assets or Equity (continued)

Capital Assets-Capital assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

Buildings	30 to 40 years
Building Improvements	15 to 30 years
Roads	10 to 30 years
Sidewalks	20 to 30 years
Fire Equipment	07 to 40 years
Vehicles	03 to 07 years
Office Equipment	05 to 07 years
Computer Equipment	03 to 07 years

Compensated Absences (Vacation and Sick Leave)-It is the government's policy to permit employees to accumulate earned but unused sick and vacation pay benefits. Compensated absences and unpaid vacations were considered but not accrued due to immateriality in amount.

Fund Equity-In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The Government-wide financial statements differ from the Governmental fund financial statements for the effect of the inclusion of capital assets and long term debts.

Capitalized Asset Costs	\$	797,836
Less Accumulated Depreciation		(427,136)
Capital Assets - net		370,700
Less Short Term debt		(21,128)
Less Long Term debt		(63,384)
Net Adjustments		286,188
Governmental Fund Balances		794,826
Net Assets of Governmental Activities	\$	1,081,014

**TOWNSHIP OF OVERISEL
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 3 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information-The Township of Overisel follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Formal budgetary integration is employed as a management control device during the year. These budgets are adopted on a basis consistent with generally accepted accounting principles.
2. The Township Board approves, by ordinance, total budget appropriations only. Any revisions that alter the total appropriations of any fund must be approved by the Township Board, therefore, the level of budgetary responsibility is by total appropriations; however, for report purposes, this level has been expanded to a functional basis (General Government, Public Safety, Roads, etc.).
3. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year.
4. The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

Excess of Expenditures Over Appropriations in Budgeted Funds-During the year, the Local Governmental Unit did not incur expenditures in budgeted funds which were in excess of the amounts appropriated.

Fund Deficits-The Local Governmental Unit has no accumulated fund balance deficits at this time.

NOTE 4 - DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, Section 129.91, authorizes the local governmental unit to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other direct obligations of the United States or any agency or instrumentality of the United States; United States government of federal agency obligations; repurchase agreements; bankers' acceptance of United States banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Local Governmental Unit Board has designated several banks for the deposit of Local Unit funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Local Governmental Unit's deposits and investment policy are in accordance with statutory authority.

**TOWNSHIP OF OVERISEL
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENT
MARCH 31, 2005**

NOTE 4 - DEPOSITS AND INVESTMENTS (Continued)

At year-end, the Local Unit's deposits and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Total Primary Government</u>
Cash & Cash Equivalents	<u>\$ 728,653</u>	<u>\$ 728,653</u>

The breakdown between deposits and investments is as follows:

	<u>Primary Government</u>
Bank Deposits (checking and savings accounts, certificates of deposit)	\$ 728,653
Investments in Securities, Mutual Funds and Similar Vehicles	-
Petty Cash and Cash on Hand	<u>-</u>
Total	<u>\$ 728,653</u>

The book balance of the primary government's deposits is \$728,653 of which \$173,401 is covered by federal depository insurance.

**TOWNSHIP OF OVERISEL
ALLEGAN COUNTY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2005**

NOTE 8 - TOWNSHIP DEBTS

The Township obtained a bank loan in May 2002, which was to purchase a fire truck. This loan was paid off in April 2004. The last payment of \$26,483 included the final principal payment of \$25,138 with interest of \$1,345, included at the interest rate of 5.35% per annum.

In the current fiscal year, the Township purchased another fire truck, partially paid for with a bank loan of \$84,512. Principal payments are due annually of \$21,128, with interest at a rate of 3.70% per annum.

	Beginning Debt Requirements <u>4/01/04</u>	<u>Additions</u>	<u>Payments</u>	Ending Debt Requirement <u>3/31/05</u>
Principal	\$ 25,138	\$ 84,512	\$ (25,138)	\$ 84,512
Interest	<u>1,345</u>	<u>-</u>	<u>(1,345)</u>	<u>-</u>
	\$ 26,483	\$ 84,512	\$ (26,483)	\$ 84,512

NOTE 9 - RETIREMENT PLAN

The Township has a governmental pension plan which allows a Section 218 exclusion of social security taxes with a governmental pension plan participation. The Township utilizes a third party administrator to assist with investment functions, while internally maintaining payroll and tax reporting responsibilities. The Township contributes a percentage of the eligible employee annual salary to the plan, with an employee match. Employee eligibility is defined in the plan. Pension expense for the March 31, 2005 fiscal year is \$6,089 as reported in the financial statements.

NOTE 10 - BUILDING INSPECTION SERVICES

Public Act 245 of 1999 became effective January 1, 2000. This construction code act specified that a statewide code would apply to the plumbing, electrical, mechanical and building codes, dictating the Township's involvement in these services. The Township has set up a separate fund to monitor these functions as well as the planning and zoning activities. The Township of Overisel does not experience a profit in this function, covering administrative costs only.

REQUIRED SUPPLEMENTAL INFORMATION

**OVERISEL TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED MARCH 31, 2005**

	Original Budget	Amended Budget	Actual	Variance With Amended Budget
Beginning of Year Fund Balance	267,531	267,531	267,531	(0)
Resources (Inflows)				
Taxes and penalties	110,000	110,000	109,327	(673)
State aid	215,000	215,000	223,978	8,978
Charges for services	1,000	1,000	600	(400)
Interest and rentals	4,000	4,000	7,859	3,859
Miscellaneous revenues	7,500	7,500	12,888	5,388
Proceeds of debt	85,000	85,000	84,512	(488)
Proceeds from sale of asset	0	0	15,000	15,000
Amounts Available for Appropriation	690,031	690,031	721,695	31,664
Charges to Appropriations (Outflows)				
General Government				
Township board	30,500	40,940	40,420	520
Supervisor	15,000	15,000	13,524	1,476
Clerk	14,500	14,500	13,113	1,387
Board of Review	1,200	1,200	857	343
Treasurer	23,000	23,000	20,782	2,218
Assessor	9,500	9,500	8,901	599
Elections	4,000	7,500	6,098	1,402
Other General Government				
Building and grounds	8,000	8,000	4,143	3,857
Cemetery	18,000	18,000	14,738	3,262
Attorney	4,000	4,000	2,549	1,451
Public Safety	0	0	0	0
Public Works	32,000	30,000	27,342	0
Recreation and culture	0	0	0	0
Community/Economic development	12,000	12,000	2,350	9,650
Capital outlay	2,000	2,000	1,900	100
Transfers to other funds	365,000	365,000	364,633	367
Total Charges to Appropriations	538,700	550,640	521,350	29,290
Budgetary Fund Balance-Mar 31	<u>\$ 151,331</u>	<u>\$ 139,391</u>	<u>\$ 200,345</u>	<u>\$ 60,954</u>

**OVERISEL TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
ROAD FUND
YEAR ENDED MARCH 31, 2005**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 444,899	\$ 444,899	\$ 444,899	\$ 0
Resources (Inflows)				
Taxes and penalties	436,700	436,700	450,525	13,825
Interest	2,000	2,000	2,860	860
Miscellaneous	0	0	4,812	4,812
Transfers from other funds	<u>125,000</u>	<u>125,000</u>	<u>119,952</u>	<u>(5,048)</u>
Amounts Available for Appropriation	<u>1,008,599</u>	<u>1,008,599</u>	<u>1,023,048</u>	<u>14,449</u>
Charges to Appropriation (Outflows)				
Public Works				
Roads	<u>500,000</u>	<u>510,200</u>	<u>502,604</u>	<u>7,596</u>
Total Charges to Appropriations	<u>500,000</u>	<u>510,200</u>	<u>502,604</u>	<u>7,596</u>
Budgetary Fund Balance-Mar 31	<u>\$ 508,599</u>	<u>\$ 498,399</u>	<u>\$ 520,444</u>	<u>\$ 22,046</u>

**OVERISEL TOWNSHIP
BUDGETARY COMPARISON SCHEDULE
FIRE FUND
YEAR ENDED MARCH 31, 2005**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
Beginning of Year Fund Balance	\$ 73,149	\$ 73,149	\$ 73,149	\$ 0
Resources (Inflows)				
Taxes and penalties	74,000	74,000	74,038	38
Miscellaneous	15,000	15,000	12,000	(3,000)
Transfers from other funds	<u>240,000</u>	<u>240,000</u>	<u>244,681</u>	<u>4,681</u>
Amounts Available for Appropriation	<u>402,149</u>	<u>402,149</u>	<u>403,868</u>	<u>1,719</u>
Charges to Appropriations (Outflows)				
Public Safety				
Fire	125,000	125,000	124,224	776
Capital Outlay	92,500	179,850	179,122	728
Transfers to other funds	<u>27,000</u>	<u>27,000</u>	<u>26,483</u>	<u>517</u>
Total Charges to Appropriations	<u>244,500</u>	<u>331,850</u>	<u>329,829</u>	<u>2,021</u>
Budgetary Fund Balance-Mar 31	<u>\$ 157,649</u>	<u>\$ 70,299</u>	<u>\$ 74,039</u>	<u>\$ 3,740</u>

**OVERISEL TOWNSHIP
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2005**

	Building Inspection	Debt Service	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,482	\$ 0	\$ 3,482
Investments	0	0	0
Receivables - net	0	0	0
Due from other funds	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 3,482</u>	<u>\$ 0</u>	<u>\$ 3,482</u>
Liabilities and Fund Equity			
Liabilities			
Accounts payable	\$ 2,720	\$ 0	\$ 2,720
Due to other funds	762	0	762
	<u>3,482</u>	<u>0</u>	<u>3,482</u>
Total Liabilities	3,482	0	3,482
Fund Balance			
Reserved	0	0	0
Unreserved	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Equity	0	0	0
Total Liabilities and Fund Equity	<u>\$ 3,482</u>	<u>\$ 0</u>	<u>\$ 3,482</u>

The Notes to the Financial Statements are an integral part of this statement.

OVERISEL TOWNSHIP
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED MARCH 31, 2005

	Building Inspection	Debt Service	Total Non-Major Governmental Funds
Revenues			
Licenses and permits	24,460	0	24,460
Interest	13	0	13
Other revenue	1,593	0	1,593
Total Revenues	26,066	0	26,066
Expenditures			
Current			
Public safety	27,442	0	27,442
Debt Services			
Principal	0	25,138	25,138
Interest	0	1,345	1,345
Total Expenditures	27,442	26,483	53,925
Excess of Revenues Over (Under) Expenditures	(1,376)	(26,483)	(27,859)
Other Financing Sources (Uses)			
Operating transfers in	0	26,483	26,483
Operating transfers (out)	0	0	0
Total Other Financing Sources (Uses)	0	26,483	26,483
Excess of Revenue and Other Sources Over (Under) Expenditures and Other Uses	(1,376)	0	(1,376)
Fund Balance - April 1, 2004	1,376	0	1,376
Fund Balance - March 31, 2005	\$ 0	\$ 0	\$ 0

The Notes to the Financial Statements are an integral part of this statement.

ANGLE & STEFFES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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August 5, 2005

In planning and performing our audit of the Financial Statements of the Township of Overisel for the year ended March 31, 2005, we considered the Township of Overisel's internal control structure to determine audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of several matters that are an opportunity to strengthen internal control and increase operating efficiency. We offer the following items for your consideration.

Uninsured Funds

The Township currently uses a number of banks for its deposits, however, had maintained a significant balance in one account type. As of the audit date, \$555,252 was uninsured in one bank's demand account. We recommend that no more than \$200,000 be maintained in any one bank, \$100,000 limit each in savings and demand account types, to avoid the risk of uninsured losses that may occur.

Accounting Records

During our testing we noted that a number of payroll transactions had posted to incorrect accounts in the general ledger. We recommend that this be corrected, as well as remaining transactions reviewed.

The Township's accounting activity is maintained all in one fund, however, we recommend that the special revenue fund activity for road and fire should be reported separately from the General Fund.

The Township's cash and liability account balances as stated on the general ledger had not been reconciled and adjusted to actual recently. We recommend that this process be completed on a regular basis.

New Financial Reporting Model

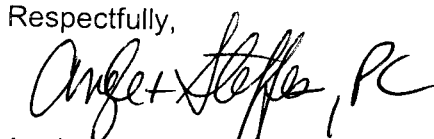
The Government Accounting Standards Board (GASB) has recently approved a new financial reporting model. The Township of Overisel officials have completed this reporting conversion in this fiscal year. The Township of Overisel records now include necessary accrual balances and capitalized fixed assets of the Township. We appreciate the cooperation of the Township officials in making this conversion.

General

In general the internal control systems of the Township are good and functioning properly. The comments noted above will help the Township strengthen the existing controls and will help provide greater accountability to residents of the Township.

We greatly appreciate the help and cooperation given us by all Township employees and officials.

Respectfully,



Angle & Steffes, P.C.
Certified Public Accountants